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SECOND SUBSTITUTE HOUSE BILL 2625

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State of Washington                      60th Legislature                      2008 Regular Session

By House Finance (originally sponsored by Representatives Springer, Ericks, Williams, Liias, Ormsby, Sells, Darneille, Simpson, and Appleton)

READ FIRST TIME 02/12/08.

1            AN ACT Relating to tax relief to promote employer-assisted housing;  
2 adding new sections to chapter 82.04 RCW; adding a new section to  
3 chapter 43.180 RCW; adding new sections to chapter 43.131 RCW; creating  
4 a new section; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8            (1) Household incomes have not kept pace with rising housing costs  
9 in many areas of the state and this imbalance creates a potential  
10 competitive disadvantage for Washington state employers.

11            (2) Employers have an interest in assisting their employees obtain  
12 and retain safe, decent, and affordable housing.

13            (3) It is in the public interest, and is consistent with the state  
14 policies and goals of the growth management act, chapter 36.70A RCW, to  
15 offer a tax incentive to promote employer-assisted housing that enables  
16 employees to obtain appropriate housing close to jobs and services.

17            NEW SECTION.    **Sec. 2.** A new section is added to chapter 82.04 RCW  
18 to read as follows:

1 (1) Subject to the limitations in this section, a twenty-five  
2 percent credit is allowed against the tax imposed under this chapter  
3 for contributions made by a person ("employer") to the Washington state  
4 housing finance commission employer-assisted housing program (the  
5 "program"), as described in section 3 of this act.

6 (2) The employer must make the contribution to the Washington state  
7 housing finance commission employer-assisted housing program before  
8 claiming a credit authorized under this section. Credits earned under  
9 this section may be claimed against taxes due for the calendar year in  
10 which the contribution is made. The amount of credit claimed for a  
11 reporting period may not exceed the tax otherwise due under this  
12 chapter for that reporting period. No refunds may be granted for any  
13 unused credits.

14 (3)(a) Only employers located in local jurisdictions with plans,  
15 policies, or programs in place that promote and support affordable  
16 housing are eligible to participate in the program and claim the credit  
17 created in subsection (1) of this section. The Washington state  
18 housing finance commission must certify that the local jurisdiction in  
19 which an employer is located has such affordable housing plans,  
20 policies, or programs, which could include:

21 (i) Specific affordable housing or homeless housing plans;

22 (ii) Incentive programs intended to encourage or facilitate  
23 affordable housing development; or

24 (iii) Programs for the distribution of funds for affordable housing  
25 development or preservation.

26 (b) The Washington state housing finance commission shall retain  
27 records of such certifications for a minimum of ten years and provide  
28 the records to the department upon request.

29 (4) If the primary business location of the employer is in a city  
30 or town that imposes a business and occupation tax, as defined in RCW  
31 35.102.030, an employer may claim a credit under this section only if  
32 the city or town provides a twenty-five percent business and occupation  
33 tax credit for contributions to the Washington state housing finance  
34 commission employer-assisted housing program. The department must  
35 certify that the city or town imposes a business and occupation tax and  
36 provides the credit.

37 (5) An amount of credit otherwise allowable under this section not  
38 claimed by the employer in any calendar year may be carried over and

1 claimed against the employer's tax liability for the next succeeding  
2 calendar year; and any credit not used in that second succeeding  
3 calendar year may be carried over and claimed against the employer's  
4 tax liability for the third succeeding calendar year, but may not be  
5 carried over for any calendar year thereafter.

6 (6) Credits are available on a first in-time basis. The department  
7 must disallow any credits, or portion thereof, that would cause the  
8 total amount of credits claimed statewide under this section during any  
9 calendar year to exceed one million dollars. If the one million dollar  
10 limitation is reached, the department must notify the commission and  
11 all employers having claimed tax credits under this section to date  
12 that the annual statewide limit has been met. In addition, the  
13 department must provide written notice to any employer that has claimed  
14 tax credits after the one million dollar limitation in this subsection  
15 has been met. The notice must indicate the amount of tax due and must  
16 provide that the tax be paid within thirty days from the date of such  
17 notice. The department may not assess penalties and interest as  
18 provided in chapter 82.32 RCW on the amount due in the initial notice  
19 if the amount due is paid by the due date specified in the notice, or  
20 any extension thereof.

21 (7) To claim a credit under this section, an employer must  
22 electronically file with the department all returns, forms, and any  
23 other information required by the department, in an electronic format  
24 as provided or approved by the department. Any return, form, or  
25 information required to be filed in an electronic format under this  
26 section is not filed until received by the department in an electronic  
27 format. As used in this subsection, "returns" has the same meaning as  
28 "return" in RCW 82.32.050.

29 (8) The Washington state housing finance commission must provide to  
30 the department, upon request, such information needed to verify  
31 eligibility for credit under this section, including information  
32 regarding contributions received by the commission for the program,  
33 certifications as described in subsection (3) of this section, and  
34 qualified housing benefits distributed by the commission.

35 (9) Credit may not be claimed under this section for contributions  
36 to the program, if such contribution occurred before the effective date  
37 of this act.

1 (10) Credit may not be claimed under this section for any  
2 contributions to the program that occur on or after July 1, 2015.

3 (11) The department must issue an annual report to the appropriate  
4 committees of the legislature on the amount of credits claimed by  
5 employers under this section with the first report due December 31,  
6 2008. The annual report must be issued in collaboration and  
7 conjunction with the commission's report required in section 3 of this  
8 act.

9 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.180 RCW  
10 to read as follows:

11 (1) There is created within the Washington state housing finance  
12 commission (the "commission") the employer-assisted housing program  
13 (the "program"), through which the commission will assist Washington  
14 employers in providing a qualified housing benefit to qualified  
15 employees. An employer making a financial contribution to the  
16 employer-assisted housing program may specifically designate that  
17 qualified housing benefits be distributed to its own qualified  
18 employees, to qualified employees of qualified beneficiary entities, or  
19 to a combination of the two options, except as provided in subsection  
20 (4) of this section.

21 (2) For the purposes of this section, the following definitions  
22 apply:

23 (a) "Qualified employee" means an individual employed by an  
24 employer contributing to the employer-assisted housing program or  
25 employed by a designated qualified beneficiary entity, who has an  
26 income of no more than one hundred twenty percent, or one hundred fifty  
27 percent for high cost areas as defined by RCW 84.14.010, of either:

28 (i) The median family income, adjusted for household size, for the  
29 county where the employee resides; or

30 (ii) The state median income.

31 (b) "Qualified beneficiary entity" means a nonprofit corporation  
32 recognized by the Washington secretary of state, a school district,  
33 city, town, county, fire district, public hospital, or state  
34 university.

35 (c) "Qualified housing benefit" means specific services or forms of  
36 financial assistance, which must be determined by each employer

1 contributing to the employer-assisted housing program in collaboration  
2 with the commission, that are designed to assist qualified employees to  
3 obtain and retain housing including:

- 4 (i) Home buyer education and counseling services;
- 5 (ii) Down payment assistance;
- 6 (iii) Closing cost assistance; and
- 7 (iv) Rental assistance, which is limited to one-time assistance.

8 (3) Qualified employees that apply to the commission for qualified  
9 housing benefits are entitled to receive such benefits on a first in-  
10 time basis. The commission must verify that applicants are qualified  
11 and thus eligible to receive benefits and must distribute housing  
12 benefits to qualified employees.

13 (4) Moneys contributed by employers must be distributed as  
14 qualified housing benefits to qualified employees within thirty-six  
15 months. Each participating employer must designate, or by default  
16 allow the commission to designate, at least one qualified beneficiary  
17 entity whose employees shall receive qualified housing benefits should  
18 employer contributions exceed the amount of qualified housing benefits  
19 the commission is able to distribute to qualified employees of the  
20 employer within a thirty-six-month period.

21 (5) The commission must maintain records of program activities for  
22 a minimum of ten years and must report on program activities, outcomes,  
23 and performance measures, as determined by the commission in  
24 collaboration with the department of revenue and the joint legislative  
25 audit and review committee, to the appropriate committees of the  
26 legislature by December 31st of each year. Performance measures must  
27 include measures to gauge program effectiveness, program efficiency,  
28 and customer satisfaction. Other information to be reported upon by  
29 the commission shall include:

30 (a) The number of employers and employees participating in the  
31 program;

32 (b) The geographic distribution of program participants;

33 (c) The types of housing benefits distributed to employees; and

34 (d) The outcomes of housing benefit assistance received.

35 (6) The joint legislative audit and review committee shall conduct  
36 an evaluation of the employer-assisted housing program after thirty-six  
37 months using performance measurement data as well as other information

1 supplied by the commission as well as information provided by the  
2 employers and employees participating in the program.

3 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.131 RCW  
4 to read as follows:

5 The excise tax credit program for contributions to the employer-  
6 assisted housing program created in section 3 of this act shall be  
7 terminated on July 1, 2015, as provided in section 5 of this act.

8 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.131 RCW  
9 to read as follows:

10 The following acts or parts of acts, as now existing or hereafter  
11 amended, are each repealed, effective July 1, 2016:

- 12 (1) RCW 82.04.--- and 2008 c . . . s 1 (section 1 of this act);  
13 (2) RCW 82.04.--- and 2008 c . . . s 2 (section 2 of this act);  
14 (3) RCW 43.180.--- and 2008 c . . . s 3 (section 3 of this act);  
15 and  
16 (4) Section 6 of this act.

17 NEW SECTION. **Sec. 6.** The Washington state housing finance  
18 commission and the department of revenue shall provide the information  
19 necessary for the joint legislative audit and review committee to  
20 provide the required review. The Washington state housing finance  
21 commission shall be the designated lead entity in regards to the sunset  
22 termination.

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